

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 01097 071411Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 AGR-05 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 RSC-01 CIEP-01 SP-02

STR-01 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 FEAE-00

INT-05 NEA-09 PRS-01 PA-01 USIA-06 SS-15 NSC-05 L-02

H-01 /098 W

----- 067981

R 071229Z FEB 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8244

INFO ALL EC CAPITALS 319

LIMITED OFFICIAL USE EC BRUSSELS 1097

E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJECT: EUROPEAN COAL AND STEEL COMMUNITY FLOATS \$150 MILLION
ISSUE IN US MARKET

1. SUMMARY: AS PART OF ITS CONTINUING EFFORTS TO TAP INTERNATIONAL CAPITAL MARKETS, THE EUROPEAN COAL AND STEEL COMMUNITY HAS JUST PLACED A \$150 MILLION BOND ISSUE IN THE US TO HELP FINANCE STEAM GENERATION PLANTS. THE ECSC PLANS TO BORROW UP TO \$1 BILLION THIS YEAR FROM INTERNATIONAL MARKETS, ESPECIALLY FROM OPEC COUNTRIES. EC COMMISSION OFFICIALS WOULD LIKE TO EXPAND THESE ACTIVITIES TO HELP FINANCE ENERGY RELATED INVESTMENT ACTIVITIES IN THE COMMUNITY. END SUMMARY.

2. THE EUROPEAN COAL AND STEEL COMMUNITY (ECSC) ANNOUNCED THE PLACEMENT OF A \$150 MILLION, 7-YEAR BOND ISSUE IN THE US MARKET ON FEBRUARY 6. THIS IS THE ECSC'S SECOND PLACEMENT IN THE US MARKET IN THE PAST YEAR. IN NOVEMBER THE ECSC FLOATED A \$100 MILLION ISSUE IN THE US. THE SECOND ISSUE HAS AN EFFECTIVE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 01097 071411Z

INTEREST RATE OF 8.46 PERCENT COMPARED TO JUST

UNDER 9 PERCENT FOR THE NOVEMBER ONE.

3. EC COMMISSION OFFICIALS ARE PLEASED THAT THE ECSE'S ISSUE WAS GIVEN AN AAA RATING. REPORTEDLY THIS IS THE FIRST TIME A FOREIGN INSTITUTION WAS GIVEN THIS PRIME RATING. THE FUNDS WILL BE USED TO HELP BUILD COAL BURNING STEAM POWER PLANTS IN THE UK, FRANCE AND GERMANY. AT FIRST THE ECSC PLANNED ON ONLY A \$50 MILLION ISSUE, THE TERMS FOR WHICH WOULD BE USED AS A GUIDELINE FOR FUTURE ECSC PLACEMENTS WITH OPEC COUNTRIES. ACCORDING TO OFFICIALS HERE, THE US RESPONSE TO THE ISSUE WAS SO FAVORABLE THAT THE ECSC DECIDED TO INCREASE ITS AMOUNT.

4. COMMISSION OFFICIALS INFORM US THAT THE ECSC PLANS TO EXPAND ITS BORROWING OPERATIONS. IT BORROWED ABOUT \$400 MILLION U.A. (\$480 MILLION) AND \$600 MILLION U.A. (\$720 MILLION) IN 1973 AND 1974 RESPECTIVELY AND HOPES TO BORROW \$700 TO \$800 MILLION U.A. (\$840 - 960 MILLION) THIS YEAR. THE

ECSC IS PARTICULARLY INTERESTED IN TAPPING ARAB CAPITAL MARKETS BUT IT MAY MAKE ANOTHER PLACEMENT IN THE US MARKET TOWARD THE END OF 1975. THE ECSC WOULD LIKE TO DIVERSIFY ITS ISSUES SO AS TO REDUCE THE FOREIGN EXCHANGE RISK.

5. OFFICIALS HERE FORESEE AN EXPANDING ECSC ROLE IN FINANCING ENERGY RELATED INVESTMENTS IN THE COMMUNITY. THE ECSC, HOWEVER, IS CURRENTLY RESTRICTED TO FINANCING COAL AND STEEL ACTIVITIES BUT WITH THE MEMBER STATES' CONCURRENCE THESE ACTIVITIES MIGHT BE BROADENED. IN THIS WAY, THE ECSC'S BORROWING CAPACITY COULD POSSIBLY BE USED TO HELP FINANCE A BROAD RANGE OF ENERGY RELATED INVESTMENTS. EXPANDED ECSC BORROWINGS WOULD ALSO FACILITATE THE PRIMARY AND SECONDARY RECYCLING OF PETRODOLLARS. GREENWALD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COAL, STEEL, ECONOMIC ASSISTANCE, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU01097
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750045-0762
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750263/aaaacewd.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2003 by KelleyW0>; APPROVED <14 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EUROPEAN COAL AND STEEL COMMUNITY FLOATS \$150 MILLION ISSUE IN US MARKET
TAGS: EFIN, US, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006